

**HOLDING UNDERTAKING
PART – II**

Functions and Duties of Holding Company

The functions and duties of the Holding company will be detailed as per the clauses of the Memorandum of Association and Articles of Association of the Company constituted there under as originally framed or as altered from time to time.

Main functions and duties of Holding Company are:

a. Functions and duties as a Holding Company:

- (i) As on the Appointed Date, the Holding Company shall hold equity up to one hundred percent (100%) in each of the Chhattisgarh State Power Generation Company Limited (Generation Company), Chhattisgarh State Power Transmission Company Limited (Transmission Company), Chhattisgarh State Power Distribution Company Limited (Distribution Company)' and Chhattisgarh State Power Trading Company Limited (Trading Company).
- (ii) The Holding Company, in consultation with the Government of Chhattisgarh, shall subscribe to additional equity in the Generation Company, Transmission Company, Distribution Company and Trading Company as required from time to time.
- (iii) The Holding Company shall provide all required support to the Successor Companies during the Transition Period.
- (iv) The Holding Company shall deal with Shared Services till final allocation to different Successor Companies, in consultation with the other Successor Companies, including transfer of personnel of the Shared Services against the allocated posts.
- (v) All expenses incurred by the Holding Company including Administration and General expenses, legal and consulting .fees, etc. shall be shared by Generation Company, Transmission Company, Distribution Company and Trading Company in the ratio of their respective equity.

b. Functions and Duties as an Investment Company:

- (i) The Holding Company shall be primarily an investment company and shall invest in companies engaged in any of the businesses of generation, transmission, distribution and trading of electricity.
- (ii) The existing equity holding vested in State Government in all joint venture projects with private developers for which joint venture agreements have already been executed prior to the

Appointed Date for the development of new power generation capacity shall hereby stand transferred to the Holding Company. The details of such equity holding are given below.

| | JV Project | Equity Holders | Equity Participation |
|----|--|--|--|
| a) | FC.P.L.(IFFCO Chhattisgarh Power Limited) | Indian Farmers Fertiliser Co-operative Limited (IFFCO) | Seventy Four percent (74%) |
| | | Chhattisgarh State Electricity Board. (CSEB) | Twenty Six percent (26%) |
| b) | CSEB I.C. B.P.L. (Indiabulls CSEB Bhaiyathan Power' Limited) | CSEB Indiabulls Power Services | Twenty Six percent (26%) Seventy Four percent (74%) |

- (iii) The Holding Company shall invest on behalf of the State Government equity in all future projects proposed to be implemented through the joint venture route with Private Power Developers.

c. Co-ordination Functions of Holding Company:

- (i) Coordination with Independent Power Producers (IPPs)
- (i-a) All MOUs and Implementation Agreements executed between the State Government, erstwhile CSEB and respective Independent Power Producers shall hereby stand transferred in the name of Holding Company 'The Holding Company shall be responsible for executing all MOUs and Implementation Agreements in future.
- (i-b) The Holding Company shall also be responsible for monitoring the progress of all IPPs to be set-up under the MOU route.
- (ii) The Holding Company shall co-ordinate for synchronisation and timely development of all new capital projects each exceeding estimated cost of Rs. Twenty (20) Crores for the Generation Company and Rs. Ten (10) Crores for the Transmission Company, Distribution Company and Trading Company. For this purpose the Holding Company shall be responsible for the formation of two high-level committees, viz., the Steering Committee, comprising of the Managing Directors of all the Successor Companies and the Chairman of the Holding Company as the Chairman of the Committee, and the Task Force comprising of senior most Executive Directors / Chief Engineers of Successor Companies along with head of Finance and Accounts of all Successor Companies, to discharge

the functions as above. The nominees of the Holding Company shall be the convenor for this Committee and Task Force.

- (iii) To coordinate development and implementation of generation projects developed in partnership with the State Government or with any State . Government agency and the Successor Companies.
- (iv) The Holding Company shall also act as the coordinator between the Successor Companies and the State Government that may be required from time to time for the smooth functioning of the Successor Companies.
- (v) Coordination functions and duties related to accounts and finance:
 - (v-a) Performing all the functions and duties for the Successor Companies in relation to Cash flow Arrangements and implementation of the Accounting Procedure during the Transition Period:
 - (v-b) Finalisation and auditing of accounts of erstwhile CSEB up - to 31 December 2008:
 - (v-c) Providing all required support and information to the Successor Companies for the finalisation of individual company accounts for the Transition Period.
- (vi) Coordination functions and duties related to Human Resources:
 - (vi-a) The Holding Company shall be responsible to formulate policies/regulations for recruitment and promotions for the employees of the Successor Companies in consultation with the other Successor Companies.
 - (vi-b) The Holding Company shall be responsible to formulate necessary policies regarding pay scales and remuneration structures for. the Successor Companies, as and when required, in consultation with the other Successor. Companies. However, each of the Successor Companies will independently design any reward or incentive scheme for their employees to incentivise and encourage performance linked efficiency improvements;
 - (vi-c) The Holding Company shall coordinate between the Successor Companies for discharging the Terminal Liabilities for the employees of the Successor Companies including the management and supervision of the CSEB Gratuity& Pension Fund Trust and CSEB Provident Fund Trust.
 - (vi-d) The Holding Company shall recruit Personnel, as necessary, against sanctioned posts for its own requirements

(vii) Coordination functions and duties related to Legal issue

- (vii-a) The Holding Company shall deal with all cases pertaining to income tax, pending in any court of law, tribunal or any authority of State or Central Government, in the name of erstwhile CSEB;
- (vii-b) The Holding Company shall coordinate all matters pertaining to the VAT cess, Income Tax and Entry Tax cases of all the Successor Companies during the Transition Period.
- (vii-c) Handling any pending legal cases pertaining to the reorganisation of the erstwhile MPEB and reorganisation of erstwhile CSEB other than those associated with or related to the undertakings or assets of any individual Successor Company.'

d. Discharging liabilities and resolution of all disputes / issues of erstwhile MPEB/'MPSEB/ CSEB:

- (i) The Holding Company shall discharge all liabilities of the erstwhile CSEB till the same is allocated among the Successor Companies and in turn recover the same amount, from the Generation Company, Transmission Company, Distribution Company and the Trading Company.
- (ii) The Holding Company shall also be responsible for resolving the following disputes / issues:
 - (ii-a) Division of assets, liabilities, employees and employee-related issues of the erstwhile MPEB under the provisions of the MP Re-organization Act, 2000;
 - (ii-b) Allocation of assets and liabilities in respect to the Scheme and amendments thereof.
 - (ii-c) Dealing with all other work related to resolution of differences between Successor Companies relating to re-organisation of CSEB into the Successor Companies.